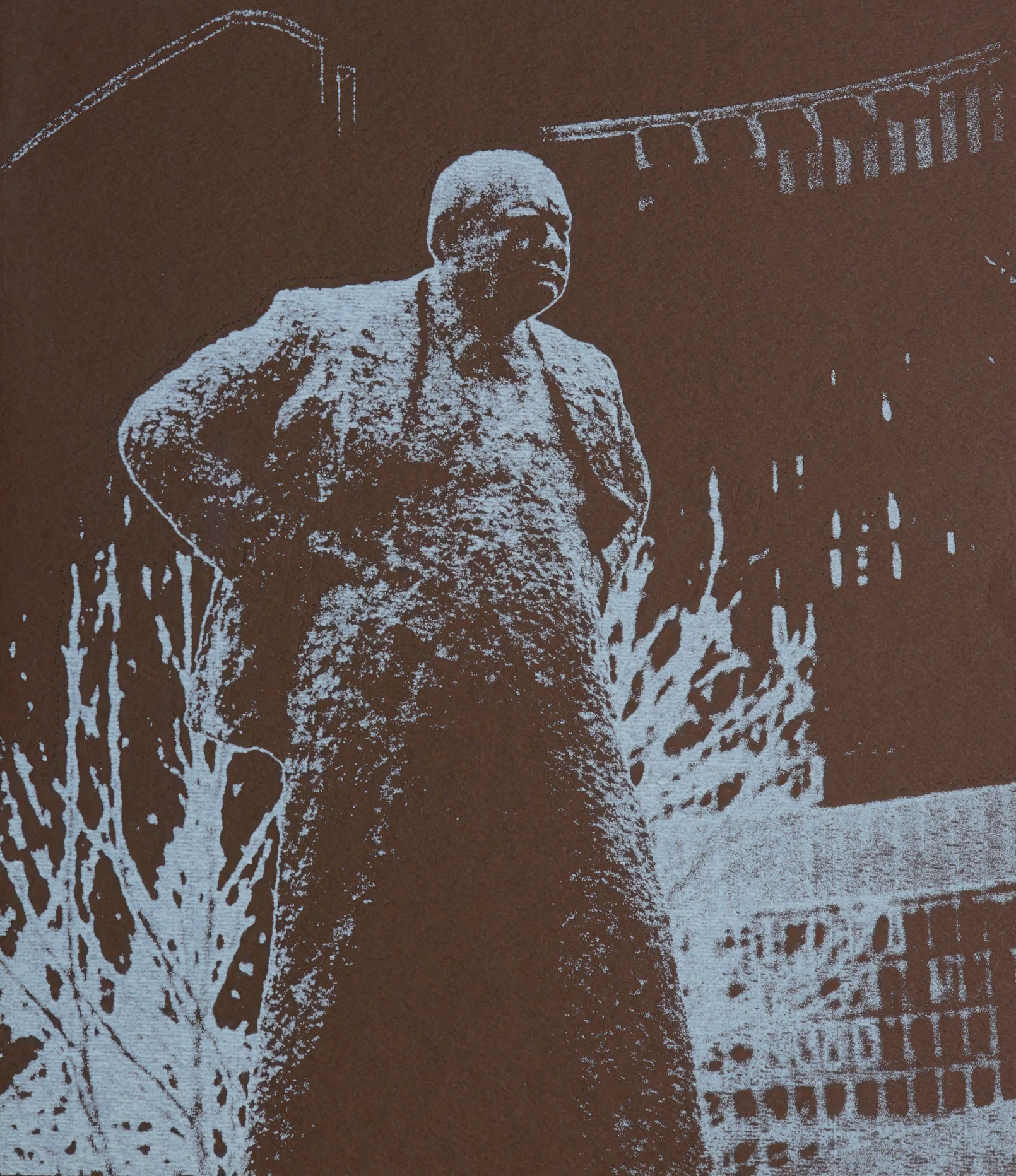


AR79



The Year at a Glance

10th Annual Report	1977	1976
Net General Insurance Premium Income	\$ 95,769,000	\$ 77,990,000
Net Life Insurance Premium Income	38,650,000	33,493,000
Total Net Premiums	134,419,000	111,484,000
Total Revenues	158,446,000	131,560,000
Statutory Operating Earnings	9,696,000	5,575,000
Statutory Earnings Including Capital Gains	9,970,000	5,954,000
Total Assets	376,428,000	323,131,000
Capital, Surplus & Investment Reserves	55,047,000	45,233,000
Individual Life Insurance in Force	1,542,203,000	1,375,069,000
Group Life Insurance in Force	1,302,332,000	1,176,782,000
Total Life Insurance in Force	2,844,535,000	2,551,851,000
Statutory Operating Earnings per Share	2.91	1.68
Statutory Earnings per Share Including Capital Gains	2.99	1.79

Note: Per share earnings figures assume full conversion of the Company's convertible preferred stock. Volume figures for Insurance in Force are expressed net of reinsurance ceded.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at 12:00 noon Toronto time on Friday, April 21, 1978 at the Company's head office, 165 University Avenue, Toronto. All shareholders are invited to attend.

Board of Directors

Honourable Louis P. Beaubien, Member of the Canadian Senate
Colin E. Bennett, Q.C., President, Victoria and Grey Trust Company
E. Kendall Cork, Vice President and Treasurer, Noranda Mines
James V. Emory, President, United Corporations Ltd.
Peter S. Gooderham, Chairman of the Board,
The Dominion of Canada General Insurance Company
William B. Harris, Chairman of the Board, Mercantile and General Reinsurance Group
Kenneth G. Hutchison, President, The Dominion of Canada General Insurance Company
Henry N.R. Jackman, Chairman of the Board, The Empire Life Insurance Company
W. Leo Knowlton, Q.C., Director, Canada Permanent Trust Company
Henry E. Langford, Q.C., former Chairman, Ontario Securities Commission
Robert M. MacIntosh, LL.D., Executive Vice-President, Bank of Nova Scotia
Brian R.B. Magee, Chairman of the Board, A.E. LePage Limited
T. Stewart Ripley, President, Metropolitan Trust Company
J. Stuart M. Wason, F.F.A., F.C.I.A., A.S.A., President, The Empire Life Insurance Company

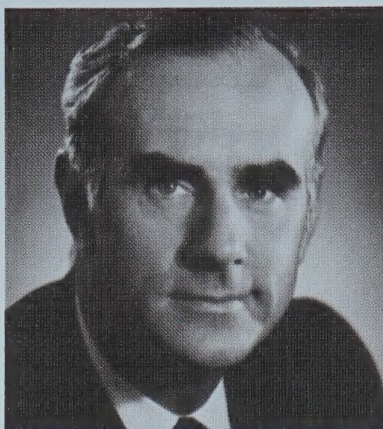
Honorary Directors

Henry R. Jackman, O.C., K.St.J., Q.C., President,
Dominion and Anglo Investment Corporation Limited
Rt. Honourable D. Roland Michener, C.C., C.M.M., C.D., P.C., Q.C., LL.D., D.C.L.
former Governor General of Canada

Officers

Henry N.R. Jackman, *President*
Kenneth G. Hutchison, *Vice-President*
J. Stuart M. Wason, *Vice-President*
Donald J. Miano, *Vice-President*
J. Alexander Langford, Q.C., *Secretary*
L.R. Rooney, *Treasurer*
I. Hutchison, *Assistant Secretary*

Remarks of the President



Mr. Henry N.R. Jackman

In 1977, E-L Financial Corporation had the most successful year in its history. Net statutory operating profits for the year totalled \$9,696,000 or \$2.91 per share compared with \$5,575,000 or \$1.68 per share for the year ended December 31, 1976. When capital gains on the sale of securities are included, total statutory earnings per share for 1977 were \$2.99, compared with \$1.79 for the year previous.

General Insurance

The operations of the Dominion of Canada General, your company's general insurance subsidiary, showed a marked improvement during the year and we are pleased to announce that for the first time since 1972, the company had an underwriting profit. The total cost of claims was 67.3% of earned premiums compared with 68.2% in 1976. This ratio resulted in a total underwriting profit for the year of \$781,000 compared with an underwriting loss of \$261,000 for the year 1976.

Investment income on our capital and reserves was \$7,034,000, a very significant 40% increase over the comparable figure in 1976. When investment income is added to underwriting profit and after making provision for income taxes, total statutory earnings from our general insurance companies were \$7,749,000 compared with \$4,789,000 in 1976.

Life Insurance

Sales of new life insurance increased during 1977 to \$490 million, a 22% increase over the amount written during 1976. As of the year end, life insurance in force totalled \$2.8 billion of which \$1.5 billion was on individual lives and \$1.3 billion was group

insurance. Improved mortality and actions on the part of management to control costs resulted in a significant increase in our statutory earnings from our life insurance operations. After making full allowance for taxes and dividends to our participating policyholders, statutory operating profit from our life insurance division was \$1,965,000, compared with \$1,203,000 in 1976.

Investment Management

E-L Investment Management, your company's wholly owned investment counselling subsidiary, showed a satisfactory profit in 1977. The investment performance of our life insurance segregated equity funds which are used as a basis for measuring the benefits of our various "equity linked" policies were exemplary. Dominion of Canada's and Empire Life's segregated equity funds appreciated 22.4% and 16.6% respectively during the calendar year.

Other Investments

During 1977, The Victoria and Grey Trust Company in which E-L Financial Corporation has a 24.7% interest, once again achieved a record growth in earnings. During the last twelve months, Victoria and Grey opened nine branches, bringing the total number of branches to 53, located mostly in Ontario.

The Metropolitan Trust Company in which we have an 18.5% interest also achieved a record growth in assets and earnings. During the year, Metropolitan Trust Company purchased a 24.5% interest in Transohio Financial Corporation, the largest savings and loan holding company in the

United States outside of California, with assets of approximately \$1.5 billion and fifty-six branches throughout the State of Ohio. To help finance this acquisition, E-L Financial Corporation participated during the year in a new share issue of Metropolitan Trust. Earnings from our investments in these trust companies are taken into the income of E-L Financial only to the extent of dividends received.

Board of Directors

At our forthcoming Annual Meeting we regret that the Honourable Louis P. Beaubien will not be standing for re-election because he has reached the mandatory retirement age. Senator Beaubien has served as a Director of Empire Life for seventeen years and a Director of E-L Financial Corporation since its inception in 1968. His advice will be sorely missed.

In closing, I would like to thank all our agents and employees whose co-operation and moral support are invaluable to the continued success of our company. To each and every one we extend our sincere appreciation.

Report on General Insurance Operations

Mr. Kenneth G. Hutchison

The accelerated growth rate of our general insurance operations continued for the third successive year with direct written premiums increasing by 20% to \$102 million. After reinsurance cessions of \$6.4 million our net written premiums were \$95.7 million. Premiums earned in 1977 were \$88.2 million, up 24.7% from the previous year. The growth of \$17.8 million was largely derived from other than automobile insurance with the beneficial result that whereas in 1976 automobile insurance constituted 67% of our premium income, in 1977 that share dropped to 62%, a 5% improvement in our portfolio distribution.

Incurred claims of \$59 million were 67.3% of our earned premiums. There were 60,800 claims reported, an increase of only 2.3% despite the growth in premium volume. This improvement was partly good fortune, 1977 being relatively free of windstorm catastrophes, while better enforcement of the law as to speed limits, other driving offences, the use of seat-belts and vehicle safety standards were also factors. The average amount per claim, however, has continued to increase at a rate of 18%, confirming that inflation and liberalization of the system of reparations inevitably leads to escalation in the cost of claims.

Management will continue to monitor claims data closely since any reversion to past patterns of increasing frequency would trigger a rapid deterioration in our claims experience.

The improvement in the claims area, with a modest decline in operating expense ratio, produced an underwriting profit of \$781,000. This profit is after having made provision in the income statement for refunding to policyholders, via rate reductions already implemented, an amount of \$916,000 deemed excess revenue by Anti-Inflation Board standards.

Investment income increased 40% to \$7 million and with the underwriting profit, after provision for all liabilities, resulted in a \$7.1 million strengthening of surplus. In total our surplus, capital and investment reserve now exceed \$35 million providing a solid base for future growth.

A year ago we faced the possible total loss of our \$8 million automobile insurance business in Quebec. We are pleased to report that the Government has confined its intrusion to the introduction of "Compensation" style accident benefits and the elimination of common-law rights to sue for bodily injury or death caused by an automobile. We stand to lose some \$2 million of our premium volume, however part of that loss will be offset by new business since automobile insurance has now been made compulsory in Quebec.

The prospects for 1978 are reasonably good. Our conversion to P.M.S., the new Policy Management System purchased in 1976, is operational in some areas and will be complete within another year. We plan to expand our operations in the Atlantic Provinces and Alberta with establishment of a full branch office at Halifax and a new service office in Edmonton, satellite to our branch at Calgary.

Growth this year generally will be at a slower rate than during the past three years due to unwarranted price competition, in some cases rationalized as compliance with anti-inflation regulations, causing severe disturbance of the market. The main challenge for 1978 will be to conserve our business while preserving the integrity of our rate levels.

As I now graduate to retirement, my final message to our staff and agents, coast to coast, is simply and sincerely thanks — I have enjoyed working with you.

Mr. J. Stuart M. Wason, F.F.A., F.C.I.A., A.S.A

The principal life insurance objectives of the Dominion of Canada General and Empire Life were satisfactorily attained and 1977 represented another year of substantial growth.

The total volume of new business written after allowing for reinsurance ceded amounted to \$490 million in 1977 compared with \$403 million a year earlier. New business on individual lives rose to \$325 million compared with \$292 million in 1976, while new group business of \$165 million represented a substantial increase over the previous year's figure of \$111 million.

Mortality in 1977 was unusually light and our sickness and accident experience was also favourable. The persistency of business showed a deterioration, however, and active measures are being taken to improve the conservation experience and to restore former standards of quality. Total business in force at year-end amounted to \$2.84 billion net of reinsurance ceded.

Premium income increased to \$38.6 million and this together with investment and other income brought total revenue to \$55.3 million. During the year \$35.9 million was either paid or credited to policyowners and their beneficiaries or was set aside to provide for policy commitments in the future.

Despite the provisions of the Anti-Inflation Act, with which the companies were in compliance in 1977, operating expenses continued to be subject to inflationary pressure. Two important decisions which will have an important long term influence upon improving cost effectiveness were taken during the year.

The first concerned the Dominion of Canada General which terminated its life insurance agencies at mid-year and in the future will concentrate on the reinsurance and brokerage markets. The second was to install a completely new on-line computer system utilizing the most up-to-date technology. Installation of the new system is expected to be completed by the end of 1979. All existing head office employees will be retained but it is expected that the increased productivity will permit continued growth with minimal increases in staff.

Work has commenced on construction of a five storey addition to our head office which should be completed by the end of 1978. Built as an investment and providing for future expansion, the new wing will be largely rented initially. No outside financing will be necessary.

The Empire Life participating account showed an operating profit for the year which resulted in a reduction in the accumulated deficit in the account. In addition, an actuarial base change was made to meet the new requirements for financial reporting and valuation which released an additional \$196,833 from sickness and accident reserves.

After making allowance for income taxes and dividends to participating policyowners the net operating profit amounted to \$1,965 million compared with \$1,203 million in 1976. Total funds at year-end were \$235 million and the net rate of interest earned was 7.99%.

The contributions to the continuing growth and development of our life insurance business by field and administrative personnel across the country are greatly appreciated and I extend my sincere thanks for their continued and loyal support.

Consolidated Statement of Income for the Year ended December 31, 1977

(with comparative figures for 1976)

	1977	1976
Premium income	\$ 134,419,000	\$ 111,484,000
Investment and other income	24,027,000	20,076,000
	158,446,000	131,560,000
Deduct		
Claims incurred	66,445,000	56,494,000
Other benefits to policyholders	12,185,000	10,734,000
Increase in policy reserves and unearned premiums	23,495,000	20,096,000
Agents' commissions	20,106,000	16,118,000
Operating expenses	20,936,000	18,440,000
Premiums transferred to (from) segregated fund	(138,000)	165,000
	143,029,000	122,047,000
Operating income before undernoted items	15,417,000	9,513,000
Income taxes (note 7)	1,203,000	344,000
Premium taxes	3,585,000	3,346,000
	4,788,000	3,690,000
	10,629,000	5,823,000
Policyholders' and minority shareholders' portion of income	933,000	248,000
Net operating income	9,696,000	5,575,000
Profit on sale of securities	274,000	379,000
Net Income	\$ 9,970,000	\$ 5,954,000
Earnings per Common Share based on full conversion of preference shares (note 12)		
Net operating income	\$2.91	\$1.68
Profit on sale of securities	.08	.11
Net income	\$2.99	\$1.79

Consolidated Balance Sheet as at December 31, 1977

(with comparative figures for 1976)

Assets	1977	1976
Short term investments	\$ 14,100,000	\$ 5,950,000
Bonds and debentures	127,709,000	102,050,000
Preferred stock	17,278,000	14,979,000
Common stock	70,977,000	61,335,000
First mortgages on real estate	95,088,000	91,653,000
Real estate (less depreciation)	5,923,000	5,860,000
Loans on policies	13,683,000	13,024,000
Premiums in the course of collection	15,366,000	14,000,000
Investment income due and accrued	3,947,000	3,136,000
Segregated investment funds	11,448,000	10,001,000
Income taxes recoverable	238,000	305,000
Due from reinsurers and others	318,000	101,000
Other assets	353,000	737,000
	\$376,428,000	\$323,131,000

Auditors' Report

To the Shareholders of
E-L Financial Corporation Limited

We have examined the consolidated balance sheet of E-L Financial Corporation Limited as at December 31, 1977 and the consolidated statements of income and shareholders' equity in surplus for the year then ended. Our examination of the financial statements of E-L Financial Corporation Limited and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries. The policy reserves and certain other liabilities to policyholders were

determined and certified by the subsidiary companies' actuaries.

In our opinion, based on our examination and the certificates of the subsidiary companies' actuaries, these consolidated financial statements present fairly the financial position of the company as at December 31, 1977 and the results of its operations for the year then ended in accordance with accounting principles as set out in note 1 applied, after giving retroactive effect to the change in accounting practice described in note 2, on a basis consistent with the preceding year.

Thorne Riddell & Co.
Chartered Accountants
Toronto, Canada
February 10, 1978

Liabilities	1977	1976
Policy reserves	\$ 180,467,000	\$ 164,690,000
Unearned premiums	39,584,000	32,062,000
Provision for unpaid and unreported claims	61,839,000	46,768,000
Staff pension fund	10,085,000	8,739,000
Amounts left with company at interest	6,639,000	5,719,000
Bank advances and outstanding cheques	3,027,000	3,805,000
Premium and other taxes payable	1,363,000	1,083,000
Due to reinsurers and others	4,178,000	2,043,000
Amounts received, not yet allocated	822,000	723,000
Segregated investment funds (note 4)	11,448,000	10,001,000
Provision for profits to policyholders	2,153,000	2,777,000
Dividends payable	75,000	75,000
Participating policyholders' interest in surplus	(1,012,000)	(1,263,000)
	320,668,000	277,222,000
Minority interest	713,000	676,000

Shareholders' Equity

Capital stock (note 5)	1,773,000	1,773,000
Contributed surplus arising from issue of shares at a premium	41,000	41,000
General reserve for investments and contingencies	14,000,000	14,000,000
Surplus	39,233,000	29,419,000
	55,047,000	45,233,000
	\$376,428,000	\$323,131,000

Approved by the Board

Director, Henry N.R. Jackman
Director, Peter S. Gooderham

Consolidated Statement of Shareholders' Equity in Surplus for the Year ended December 31, 1977 (with comparative figures for 1976)

	1977	1976
Shareholders' Equity in Surplus at Beginning of Year		
As previously reported	\$ 30,010,000	\$ 23,927,000
Adjustment for change in accounting practice (note 2)	591,000	170,000
As restated	29,419,000	23,757,000
Add		
Net income	9,970,000	5,954,000
Increase in shareholders' equity on purchase of subsidiaries' shares	17,000	23,000
Transferred from policy reserves due to actuarial base change	197,000	
Income taxes, prior year	38,000	93,000
	\$ 39,641,000	\$ 29,827,000
Deduct		
Dividends	408,000	408,000
Shareholders' Equity in Surplus at End of Year	\$ 39,233,000	\$ 29,419,000

Notes to Consolidated Financial Statements for the Year ended December 31, 1977

1. Accounting Principles

The consolidated financial statements include the accounts of the following subsidiary companies:

E-L Investment Management Limited (wholly owned)
The Empire Life Insurance Company (96.94% owned)
The Dominion of Canada General Insurance Company (99.43% owned) and its subsidiary company, The Casualty Company of Canada

The financial statements are prepared essentially in accordance with accounting practices prescribed, authorized or permitted by the regulations governing insurance companies for insurance company annual statements, except for modifications principally as to classification and format for the purpose of clarifying the interest of the holding company. However, in certain respects as indicated below in (a) to (d) they are not in conformity with generally accepted accounting principles applicable to companies engaged in other industries.

- (a) Commissions and other acquisition costs relating to acquiring new business are charged to operations in the year incurred. Some allowance is made for amortizing part of these costs by use of the Canadian Modified method of computing actuarial policy reserves but this does not give full effect to the amortization of these costs over the term of the policies. The result is to penalize gain from operations in a period of business growth and to improve gain from operations in a period of decline.
- (b) Agents' debit balances, office furniture and certain relatively minor other assets are excluded from the balance sheet.
- (c) Life insurance and annuity reserves are computed on the basis of mortality and interest factors permissible by the respective regulations governing insurance companies and are in excess of those that could be computed on the basis of the companies' past experience.
- (d) Income taxes are calculated using the taxes payable method.

2. Change in accounting practice

In prior years, it was Dominion's practice to include in income the maximum portion of unearned general insurance premiums permitted under insurance regulations in order to absorb the acquisition costs related to these premiums. The Federal Department of Insurance has recommended a different practice whereby companies are permitted to include in income only that portion of unearned premiums equivalent to the actual acquisition costs of these premiums. For purposes of comparison, the company has adopted this change in practice on a retroactive basis and, accordingly, the unearned premiums have been increased and the balance of shareholders' equity in surplus as at December 31, 1976 has been reduced by \$591,000 and, to reflect the effect of the change on prior years, the balance of shareholders' equity in surplus as at December 31, 1975 has been reduced by \$170,000. In addition, the statement of operations for the year ended December 31, 1976 has been restated to reflect this change and, as a result, net income for that year is \$421,000 less than that previously reported.

3. Valuation of invested assets

The basis of valuation of invested assets other than the segregated investment fund is cost or amortized value, less amounts written off from time to time. The resulting book values after deducting the general reserve for investments and contingencies are in the aggregate less than values authorized by the Association of Superintendents of Insurance of the Provinces of Canada. The segregated investment funds are shown at quoted market value.

4. Segregated investment funds

	1977	1976
Amount pertaining to staff pension fund	\$ 906,000	\$ 746,000
Policyholders' portion	10,145,000	8,927,000
Amount pertaining to shareholders' surplus including minority shareholders' portion		
\$8,090 (1976 — \$6,957)	397,000	328,000
	\$11,448,000	\$10,001,000

5. Capital Stock

	1977	1976
Authorized		
4,999,925 Preference shares, without par value, issuable in series		
10,000,000 Common shares, without par value		
Issued		
597,471 Series A convertible preference shares		
2,736,567 Common shares	\$ 1,773,000	\$ 1,773,000

The Series A convertible preference shares are convertible in perpetuity into common shares on a share for share basis and are entitled when and if declared to a non-cumulative dividend of 50¢ per share per annum.

Share purchase warrants

531,478.5 Warrants to purchase 531,478.5 common shares of the company at \$12 per share exercisable until December 22, 1978 are outstanding at December 31, 1977.

6. Shareholders' account

Under Empire Life's charter, shareholders are entitled to all profits from non-participating policies and that portion of profit on the participating policies equal to one-ninth of the amount paid to policyholders as dividends. Since 1966 an amount equal to one-ninth of the amount paid and provided for policy dividends on participating policies has been transferred from the participating policyholders' account to the shareholders' account. A lesser amount was transferred in earlier years.

7. Income Taxes

Dominion has been re-assessed for income taxes for the years 1969 through 1972 in the amount of \$470,000. Formal notices of objection to the re-assessments have been filed in which the company has raised additional matters with regard to these years on the application of income tax law. Management is of the opinion that the notice of objection will be sustained and accordingly, no provision has been made for this amount in the financial statements. If the company's objections are upheld, the effect of these additional matters will more than offset the amount of the re-assessments and no income taxes will be payable in the current year.

If the company's objections are not successful, the \$470,000 would become payable and there would be an approximate additional income tax liability of \$490,000 for the current year.

8. Other statutory information

	1977	1976
Remuneration of directors and senior officers of the company	\$ 243,113	\$ 269,341
Depreciation	97,000	93,000

9. Consolidated statement of changes in financial position

Due to the nature of the companies' operations a consolidated statement of changes in financial position would not be considered meaningful and has therefore, not been included.

10. Anti-Inflation Act

The company and its subsidiaries are subject to the Anti-Inflation Act which provides for the restraint of profit margins, prices, compensation and dividends. In the opinion of management, the company and its subsidiaries have complied with the provisions of the Act in all material respects.

11. Commitment

During 1977, a decision was made to construct a new head office building for Empire Life with completion in 1978. New building capital costs in 1978 are estimated at \$3,200,000.

12. Earnings per share

Fully diluted earnings per share assuming exercise of the share purchase warrants outstanding at the exercise price of \$12 per share and assuming the investment of the proceeds at 8.25% less income taxes, would be \$2.57 before profit on sale of securities and \$2.65 on the net income for the year.

Summary of Consolidated Results

(all figures expressed in thousands of dollars)

	1977	1976	1975	1974	1973
Premium income	\$ 134,419	\$ 111,484	\$ 88,314	\$ 76,487	\$ 67,732
Investment and other income	24,027	20,076	17,479	15,630	13,489
Total revenues	158,446	131,560	105,793	92,117	81,221
Claims and other benefits to policyholders	78,630	67,228	55,568	54,450	39,554
Increase in policyholders' reserves	23,357	20,261	16,140	13,435	15,160
Expenses (including agents' commissions)	41,042	34,558	27,420	23,449	20,895
Taxes paid to governments	4,788	3,690	3,257	1,839	2,566
Profits paid or allocated to policyholders	933	248	701	(380)	135
Net operating profit	9,696	5,575	2,707	(676)	2,911
Net realized gains on security transactions and other extraordinary items	274	379	283	2,794	1,367
Total net profit	\$ 9,970	\$ 5,954	\$ 2,990	\$ 2,118	\$ 4,278
Net income per share (net operating income)	2.91	1.68	.81	(.20)	.86
Net income per share (including capital gains and extraordinary items)	2.99	1.79	.89	.63	1.28
Assets					
Cash and short term investments	\$ 14,100	\$ 5,950	\$ 5,702	\$ 5,440	\$ 4,020
Bonds and debentures	127,709	102,050	85,719	69,216	64,845
Preferred and common stocks	88,255	76,314	61,296	58,174	52,730
First mortgages on real estate	95,088	91,653	86,564	87,070	78,657
Real estate	5,923	5,860	5,916	5,953	5,575
Loans on policies	13,683	13,024	12,120	11,412	9,622
Segregated equity funds	11,448	10,001	9,844	7,560	8,701
Other assets	20,222	18,279	14,839	12,907	10,776
Total assets	\$ 376,428	\$ 323,131	\$ 282,000	\$ 257,732	\$ 234,926
Liabilities					
Policy and unearned premium reserves*	\$ 241,584	\$ 215,492	\$ 193,274	\$ 175,185	\$ 166,022
Reserve for claims	61,839	46,768	36,417	30,407	23,209
Other liabilities	16,817	14,124	10,034	11,859	7,815
Policyholders' equity in surplus	1,141	1,514	2,534	3,126	3,173
Total liabilities	\$ 321,381	\$ 277,898	\$ 242,259	\$ 220,577	\$ 200,219
Capital, surplus and investment reserve	55,047	45,233	39,741	37,155	34,707
	\$ 376,428	\$ 323,131	\$ 282,000	\$ 257,732	\$ 234,926

*including staff pension and segregated funds.

Summary of General Insurance Operations

(all figures expressed in thousands of dollars)

	1977	1976	1975	1974	1973
Net premiums written					
Automobile	\$ 59,048	\$ 52,504	\$ 41,588	\$ 32,540	\$ 28,098
Casualty	17,352	12,517	8,357	7,230	5,770
Fire	19,369	12,969	8,375	7,421	6,225
Total net premiums written	\$ 95,769	\$ 77,990	\$ 58,320	\$ 47,191	\$ 40,093
Net premiums earned	\$ 88,247	\$ 71,312	\$ 53,338	\$ 45,282	\$ 38,593
Claims incurred	59,387	48,598	39,604	37,918	26,402
Operating expenditures including commissions and premium taxes	28,079	22,975	17,025	14,388	12,324
Underwriting profit	\$ 781	\$ (261)	\$ (3,291)	\$ (7,024)	\$ (133)
Investment income	7,034	5,050	3,880	3,420	2,706
Net profit before taxes	\$ 7,815	\$ 4,789	\$ 589	\$ (3,604)	\$ 2,573
Income taxes (recoverable)	66	—	—	(693)	390
Net operating profit	\$ 7,749	\$ 4,789	\$ 589	\$ (2,911)	\$ 2,183
Claims ratio (to net premiums earned)	% 67.3	% 68.2	% 74.3	% 83.7	% 68.4
Expense ratio (to net premiums written)	% 29.3	% 29.5	% 29.2	% 30.5	% 30.7
	% 96.6	% 97.7	% 103.5	% 114.2	% 99.1
Assets					
Cash and short term investments	\$ 12,150	\$ 5,500	\$ 3,477	\$ 4,870	\$ 2,886
Bonds and debentures	60,980	44,231	33,505	24,443	20,935
Preferred and common stocks	45,695	38,613	31,961	30,738	27,541
First mortgages	874	853	817	894	919
Real estate	2,361	2,394	2,427	2,460	2,493
Amounts receivable	15,406	13,909	10,981	9,593	8,048
	<u>\$ 137,466</u>	<u>\$ 105,500</u>	<u>\$ 83,168</u>	<u>\$ 72,998</u>	<u>\$ 62,822</u>
Liabilities					
Unearned premium reserve	\$ 39,584	\$ 31,471	\$ 24,792	\$ 19,810	\$ 17,901
Reserve for claims	58,623	43,229	33,350	28,025	20,552
Other liabilities	4,082	2,707	2,053	2,545	1,100
	<u>\$ 102,289</u>	<u>\$ 77,407</u>	<u>\$ 60,195</u>	<u>\$ 50,380</u>	<u>\$ 39,553</u>
Capital, surplus and investment reserve	35,177	28,093	22,973	22,618	23,269
	<u>\$ 137,466</u>	<u>\$ 105,500</u>	<u>\$ 83,168</u>	<u>\$ 72,998</u>	<u>\$ 62,822</u>

Summary of Life Insurance Operations

(all figures expressed in thousands of dollars)

	1977	1976	1975	1974	1973
Net premium income	\$ 38,650	\$ 33,493	\$ 29,994	\$ 29,294	\$ 27,639
Investment and other income	<u>16,662</u>	<u>14,793</u>	<u>13,369</u>	<u>11,971</u>	<u>10,576</u>
	<u>\$ 55,312</u>	<u>\$ 48,286</u>	<u>\$ 43,363</u>	<u>\$ 41,265</u>	<u>\$ 38,215</u>
Benefits to policyholders	\$ 19,243	\$ 18,630	\$ 15,964	\$ 16,530	\$ 13,152
Increase in policy reserves	<u>15,973</u>	<u>13,275</u>	<u>9,940</u>	<u>9,711</u>	<u>11,449</u>
Expenses and commissions	15,700	14,044	11,745	10,128	9,414
Taxes	1,714	777	1,750	1,305	1,171
Premiums to segregated funds	(138)	165	1,218	1,815	2,211
Profits allocated to policyholders	<u>855</u>	<u>192</u>	<u>642</u>	<u>(438)</u>	<u>80</u>
Net Operating Profit	<u>\$ 1,965</u>	<u>\$ 1,203</u>	<u>\$ 2,104</u>	<u>\$ 2,214</u>	<u>\$ 738</u>
<hr/>					
Assets					
Cash and short term investments	\$ 1,194	\$ (586)	\$ 1,652	\$ (2,697)	\$ 159
Bonds and debentures	<u>66,728</u>	<u>57,819</u>	<u>52,215</u>	<u>44,774</u>	<u>43,910</u>
Preferred and common stocks	<u>39,219</u>	<u>34,399</u>	<u>28,884</u>	<u>27,149</u>	<u>25,130</u>
First mortgages	<u>94,214</u>	<u>90,800</u>	<u>85,746</u>	<u>86,176</u>	<u>77,738</u>
Real estate	<u>3,561</u>	<u>3,465</u>	<u>3,489</u>	<u>3,494</u>	<u>3,082</u>
Loans on policies	<u>13,683</u>	<u>13,024</u>	<u>12,120</u>	<u>11,411</u>	<u>9,622</u>
Segregated equity funds	<u>11,448</u>	<u>10,001</u>	<u>9,844</u>	<u>7,560</u>	<u>8,702</u>
Other assets	<u>4,744</u>	<u>4,337</u>	<u>3,794</u>	<u>3,277</u>	<u>2,720</u>
	<u>\$ 234,791</u>	<u>\$ 213,259</u>	<u>\$ 197,744</u>	<u>\$ 181,144</u>	<u>\$ 171,063</u>
Liabilities					
Policy reserves	\$ 180,467	\$ 164,690	\$ 151,415	\$ 141,476	\$ 133,780
Amounts on deposit	<u>6,639</u>	<u>5,719</u>	<u>5,044</u>	<u>4,513</u>	<u>4,255</u>
Reserve for claims	<u>3,216</u>	<u>3,539</u>	<u>3,068</u>	<u>2,382</u>	<u>2,657</u>
Staff pension fund	<u>10,085</u>	<u>8,739</u>	<u>7,222</u>	<u>6,339</u>	<u>5,638</u>
Segregated equity funds	<u>11,448</u>	<u>10,001</u>	<u>9,844</u>	<u>7,560</u>	<u>8,702</u>
Other liabilities	<u>2,343</u>	<u>1,741</u>	<u>2,218</u>	<u>1,439</u>	<u>1,572</u>
Policyholders' equity in surplus	<u>1,141</u>	<u>1,514</u>	<u>2,534</u>	<u>3,126</u>	<u>3,173</u>
	<u>\$ 215,339</u>	<u>\$ 195,943</u>	<u>\$ 181,345</u>	<u>\$ 166,835</u>	<u>\$ 159,777</u>
Capital, surplus and investment reserves	<u>19,452</u>	<u>17,316</u>	<u>16,399</u>	<u>14,309</u>	<u>11,286</u>
	<u>\$ 234,791</u>	<u>\$ 213,259</u>	<u>\$ 197,744</u>	<u>\$ 181,144</u>	<u>\$ 171,063</u>
Net interest earned	% 7.89	% 7.65	% 7.41	% 7.17	% 6.89
<hr/>					
Insurance in force					
Individual lives					
Whole life and endowment	\$ 783,869	\$ 706,862	\$ 608,264	\$ 540,596	\$ 501,681
Term insurance	<u>647,643</u>	<u>562,737</u>	<u>484,006</u>	<u>429,673</u>	<u>393,681</u>
Annuities	<u>89,396</u>	<u>79,884</u>	<u>73,754</u>	<u>69,701</u>	<u>63,632</u>
Health insurance	<u>3,475</u>	<u>4,773</u>	<u>3,748</u>	<u>3,563</u>	<u>3,520</u>
"Equity" insurance and annuities	<u>17,820</u>	<u>20,813</u>	<u>26,835</u>	<u>30,362</u>	<u>32,145</u>
	<u>\$ 1,542,203</u>	<u>\$ 1,375,069</u>	<u>\$ 1,196,607</u>	<u>\$ 1,073,895</u>	<u>\$ 994,659</u>
Group Life					
Insurance	\$ 967,745	\$ 861,152	\$ 710,202	\$ 602,213	\$ 426,174
Annuities	<u>147,696</u>	<u>164,720</u>	<u>151,423</u>	<u>166,226</u>	<u>130,497</u>
Health insurance	<u>186,891</u>	<u>150,910</u>	<u>135,762</u>	<u>119,934</u>	<u>86,234</u>
	<u>\$ 1,302,332</u>	<u>\$ 1,176,782</u>	<u>\$ 997,387</u>	<u>\$ 888,373</u>	<u>\$ 642,905</u>
Total insurance in force	<u>\$ 2,844,535</u>	<u>\$ 2,551,851</u>	<u>\$ 2,193,994</u>	<u>\$ 1,962,268</u>	<u>\$ 1,637,564</u>

NOTE: — Volume figures for Life insurance in force are expressed net of reinsurance ceded.



Chairman of the Board
Henry N.R. Jackman

*President (Managing
Director, Life Insurance,
and Actuary, "The Dominion")*

J.S.M. Wason
F.F.A., F.C.I.A., A.S.A.

*Vice-President,
Computer Services*
R. Baltruweit, F.L.M.I.

*Vice-President,
Group*
G.D. De Ré, C.L.U.

*Vice-President,
Marketing (Senior
Marketing Executive
"The Dominion")*
W.H. Merriam, C.L.U.

*Vice-President,
Individual Insurance*
C.H. McElvaine,
F.S.A., F.C.I.A.

*Corporate Actuary
(Assistant General Manager
"The Dominion")*
D.C. Townsend,
F.S.A., F.C.I.A.

Corporate Secretary
V.B. Reed, F.L.M.I.

*Assistant Vice-President,
Marketing*
J.A.G. Litalien

*Executive Assistant &
Accounting Officer*
A.L. Farley, F.L.M.I.

Mortgage Officer
J.M. McInnis, F.L.M.I.

Medical Officer
J.N. Chesebrough, M.D.

Superintendent, Group Sales
J.B. Avent

Superintendent, Marketing
B. Greigson, F.I.I.C., C.L.U.

Superintendent, Marketing
K.N. Ketchen, C.L.U.

Superintendent, Marketing
A.H. Lieberman

*Superintendent, Sales Training
& Marketing Services*
R.W. Taylor, C.L.U.

Branch Offices

Vancouver Bayshore
C.O. Boehr

Vancouver Fairmont
D.E. Bennett

Edmonton
K. Laverick
Calgary Centre
M.B. Steinfeld, C.L.U.

Calgary North
D.A. Wight, C.L.U.

Calgary Chinook
D.E. Fox

Winnipeg Centre
R.H. Little

Winnipeg West
B. Genaske

Windsor
G.R. Trussler

London
M.B. Maddigan, C.L.U.

Kitchener-Waterloo
G.A. Robbins, C.L.U.

Hamilton Main St.
R. Reichertz

*Hamilton Steeltown/
St. Catharines*
M.G. Flaherty, C.L.U.

Toronto Metro
C.F. Woodward, C.L.U.

Toronto Centre
J.E. McKenna

Toronto Don
R.G. Ness

Toronto West
A.W. Warll, C.L.U.

Toronto East
A. Ali

Toronto Bathurst
D.C. Harding

Toronto Bayview
J.H. Mosoff

Kingston (St. Lawrence)
C.J. Lawlor, C.L.U.

Ottawa Parliament
G.M. Lennox, C.L.U.

Ottawa Capital
D.G. Fairweather

Montreal Provincial
C. Van Eyk

Montreal West
G. Goguen

Montreal Centre
G.H. Laurendeau, C.L.U.

Montreal St. Laurent
G.E. Ouwendyk, C.L.U.

Montreal Cartier
R. Monette

Sherbrooke
G. Légaré

Quebec City
J.M. Voyer, C.L.U.

Group Offices

Toronto
D.A. Harris

Montreal
A. Vezina

Franchise Sales

Toronto
R. Rastrick

Estate Analysis

Kingston
C.E. Allen, C.L.U.

Montreal
J. Tardif



The Dominion of Canada General Insurance Company

Chairman of the Board
Peter S. Gooderham

Vice-Chairman of the Board

Henry N.R. Jackman

President and Managing Director

Kenneth G. Hutchison

General Manager and Secretary

F.G. Elliott, F.I.I.C.

Assistant General Managers

S.J. Davidson, F.I.I.C.

B.A. Edgar, F.I.I.C., F.L.M.I.

D.A. Waugh, A.I.I.C.

Controller

F.H. Clement

Manager, Agency

A.R. Petrie, F.I.I.C.

Manager, Automobile

J.A. Burrows

Manager, Casualty
R.L. Sewell, F.I.I.C.

Manager, Claims
G.F. Connor

Manager, Data Processing
G.W. Harper

Manager, Property
J.N. Hepburn

Investment Officer
B.E. Purvis

Manager, Methods Procedures
J.J. Pritchard

Manager, Personnel
G.J. Jackson, F.I.I.C.

Manager, Premises and Purchasing
L.H. Temple

Manager, Research
H.B. Barnes

Branch Offices

Alberta (Calgary)

G.P. Craw, F.I.I.C.

British Columbia (Vancouver)

J.H. Glavin, A.I.I.C.

Eastern Ontario (Ottawa)
W.L. Thorpe, A.I.I.C.

Metropolitan Toronto
K.G. Oehm, F.I.I.C.

Mid-West (Thunder Bay)
R.N. Patton, A.I.I.C.

Quebec (Montreal)
W.J. Green, F.I.I.C.

Service Offices

Barrie

Brockville

Central Ontario (Toronto)

Chatham

Clinton

Cornwall

Hamilton

Kitchener

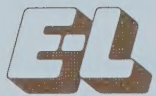
London

Owen Sound

St. Catharines

Windsor

Winnipeg.



Investment Management Limited

Chairman

H.R. Jackman, O.C., K.St.J., Q.C.

President

Henry N.R. Jackman

Vice-Presidents

A. George Dragone

D.J. Miano

T.A. Relyea

Secretary-Treasurer

L.R. Rooney

